

## **Head -159 Ministry of Tourism**

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### **1. Financial Statements**

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#### **1.1 Qualified Opinion**

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The audit of the financial statements of the Ministry of Tourism for the year ended 31 December 2021 comprising the statement of financial position as at 31 December 2021 and the statement of financial performance, and cash flow statement for the year then ended, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018. The Summary Report containing my comments and observations on the financial statements of the Ministry of Tourism was issued to the Chief Accounting Officer on 31 May 2022 in terms of Section 11 (1) of the National Audit Act No. 19 of 2018. The Annual Detailed Management Audit Report of the Ministry was issued to the Chief Accounting Officer on 20 June 2022 in terms of Section 11 (2) of the Audit Act. This report is presented to Parliament in terms of Section 10 of the National Audit Act No. 19 of 2018 which is read in conjunction with Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

In my opinion, except for the effects of the matters described in paragraph 1.6 of this report, the financial statements of the Ministry of Tourism give a true and fair view of the financial position of the Ministry as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with the Generally Accepted Accounting Principles.

#### **1.2 Basis for Qualified Opinion**

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My opinion is qualified on the matters described in paragraph 1.6 of this report. I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities in relation to the Financial Statements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of this report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### **1.3 Responsibilities of Chief Accounting Officer on Financial Statements**

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Preparation of financial statements in a manner that reflects a true and reasonable position and determines the internal control required to enable financial statements to be prepared without inadequate false statements that may result from fraud and error in accordance with Generally Accepted Accounting Principles and the provisions of Section 38 of the National Audit Act, No. 19 of 2018 is the responsibility of the Chief Accounting Officer.

As per Section 16 (1) of the National Audit Act No. 19 of 2018, the Ministry is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared.

The Chief Accounting Officer shall ensure that an effective internal control system is maintained for the financial control of the Ministry in terms of Sub-section 38 (1) (c) of the National Audit Act and it should be periodically reviewed the effectiveness of the system and make any necessary changes to keep the system running efficiently.

#### **1.4 Auditor's Responsibility on Audit of Financial Statements**

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My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also furthermore;

- Appropriate audit procedures were designed and implemented to identify and assess the risk of possibility of quantitative misrepresentations occurred in financial statements due to fraud or errors in providing a basis for the expressed audit opinion. More than the impact of quantitative misrepresentations due to misrepresentation, the effect of fraud is strong because of malpractice, forgery, intentional evasion, misrepresentation, or evasion of internal controls can lead to fraud.
- Although it is not intended to express an opinion on the effectiveness of internal control of the Ministry, obtained an understanding of internal control in order to plan appropriate audit procedures occasionally.
- Evaluated the appropriateness of the accounting policies followed, fairness of accounting estimates and related disclosures made by Management.
- Evaluated whether the transactions and events underlying the structure and content of the financial statements are appropriately and fairly consisted in and presentation of financial statements including disclosures as a whole.

The Chief Accounting Officer was made aware of important audit findings, key internal control deficiencies and other matters identified in my audit.

## 1.5 Report on Other Legal Requirements

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I declare the following matters in terms of Section 6 (1) (d) of the National Audit Act No. 19 of 2018.

- (a) The financial statements are in consistent with those of the preceding year,
- (b) The recommendations made by me regarding the financial statements furnished for the preceding year had been implemented .

## 1.6 Comments on Financial Statements

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### 1.6.1 Submission of Financial Statements

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#### Audit Observation

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#### Comments of the Chief Accounting Officer

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#### Recommendation

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(a) Although, the difference between total net provision and actual expenditure for every expenditure codes and the reasons for such differences of the expenditure codes which exceed 5 per cent of the net allocation or Rs.10,000 should be shown in the ACA -2 (ii) format in terms of paragraph 3.4 of the Department of State Accounts Circular No.2021/3 of 26 November 2021, reasons had not been furnished for the savings of six expenditure subjects which shown variances amounting to Rs.4,579,809.

Relevant information had not been included in the format of ACA- (ii) mistakenly. It was noted down to avoid such mistakes in the future.

Compliance to the Circular is required.

(b) Although, the estimated value of accidents occurred to 02 vehicles was amounted to Rs.1,933,504 during the year under review, it was not recorded in the statement of losses and waivers under financial regulation number 109 of the financial statements.

Hence the investigations related to the accidents were not completed, it was not recorded under losses and waivers of the financial statements.

Although, the investigations have not been completed, number of events or losses and waivers expected to account in the future years should be recorded in that statement.

### 1.6.2 Statement of Financial Performance

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#### Audit Observation

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#### Comments of the Chief Accounting Officer

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#### Recommendation

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(a) Other main ledger account receipts amounting to Rs.2,831,533 had not been shown under the non-revenue receipts of the statement of financial performance.

It has been mistakenly overlooked and actions will be taken to recorrect it.

Statement of financial performance should be accurately prepared.

(b) Although the aggregated value of the total non-revenue receipts was amounted to Rs.307,257,930, it had been shown as Rs.323,212,722 overstating by Rs.15,954,792.

The aggregated value of the total non-revenue receipts should be Rs.307,257,930. However, non- imprest receipts amounting to Rs.2,831,533 had been erroneously added to that and had been shown as Rs.323,212,722. It was noted down to correct the mistake caused in the future.

-Do-

(c) Expenditures related to five expenditure codes aggregating to Rs.481,111 had been categorized and recorded in wrong expenditure codes.

As inclusion of required software into computers is a development of that machine, it has been accounted under the expenditure codes of machineries. Computers have been purchased for the officers of the Ministry. Services and fuel have been mistakenly recorded under a wrong expenditure code and it will be noted down to avoid such mistakes in the future. Repair of vehicles was not a recurrent expenditure and as the repair was done in order to sustain its impact for a long period of time, it is recorded under vehicle maintenance.

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## 1.6.2 Statement of Financial Position

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### 1.6.2.1 Non-Financial Assets

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#### Audit Observation

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As per the schedule of the non-financial assets presented with the financial statements, a sum of Rs.60,380 as the opening balance of furniture and a sum of Rs.80,380 as the disposals were shown. However, occurrences of

#### Comments of the Chief Accounting Officer

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Discounts had been received for a stock of mattresses purchased during the year. The price with the discount amounting to Rs.60,380 was paid to supplier and the

#### Recommendation

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The schedule of the non-financial assets should be accurately prepared.

such addition or disposal were not observed.

full amount of Rs.80,380 has been recorded in accounts. When that transaction was recorded in the accounts under the CIGAS Program, an amount of Rs.80,380 has been recorded in the disposal column and an amount of Rs.60,380 had been recorded under the purchases. However, no disposal has been physically occurred.

### 1.6.2.2 Financial Assets

#### Audit Observation

Although, the actual value of the cheques not presented to the bank for more than 6 months was amounted to Rs.301,981 as per the status report of the Bank Accounts as at 31.12.2021 which included in the financial statements, it had been shown as Rs.104,560 understating that by Rs.197,421.

#### Comments of the Chief Accounting Officer

The value of the cheques which were not presented to the Bank for more than 06 months had been erroneously understated. Actions will be taken to avoid such errors in the future.

#### Recommendation

Actual value should be accurately presented.

### 1.6.2.3 Statement of Imprest Reconciliation

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#### Audit Observation

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#### Comments of the Chief Accounting Officer

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#### Recommendation

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(a) Although, the balance of the statement of imprest reconciliation should be valued at Rs.2,169,345 which was a negative value, it had been shown as Rs.13,785,447.

The balance of the statement of imprest reconciliation had been erroneously shown an inaccurate value and actions will be taken to correct that error in the future.

The statement of imprest reconciliation should be accurately prepared.

(b) In accordance with the trial balance prepared as per the books of the Ministry, advances received and paid were amounted to Rs.5,281,832 and Rs.5,344,800 respectively during the year under review. The values shown as per the table 52 of the treasury were amounted to Rs.6,404,563 and Rs.4,630,920 respectively. These differences had not been stated in the statement of imprest reconciliation.

The trial balance prepared for the year under review had been obtained under the CIGAS program. The difference of Rs.1,222,731 had not been included in the imprest account by a mistake.

The differences in terms of the books of the Ministry and the books of the treasury should be recorded in the statement of imprest reconciliation.

### 1.6.3 Statement of Cash Flow

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#### Audit Observation

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Although, the cash flow from operational activities was amounted to Rs.307,257,927 , it was as Rs.306,002,313, cash flow disbursed for operational activities of Rs.234,681,856 as Rs.234,410,308, net cash flow from investing activities of Rs.71,337,617 as Rs.71,592,005 had been erroneously shown.

#### Comments of the Chief Accounting Officer

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Savings had been remained in the provisions of certain expenditure codes due to the adherence to circulars which imposed limiting some expenses of expenditure codes on the grounds of covid 19 pandemic situations. However, when it was noticed that the financial provisions allocated in the estimates were not sufficient to spend during the financial year, transfers were made from the provisions saved under F.R.66.

#### Recommendation

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Statement of cash flow should be accurately prepared.

### 1.6.4 Statement of Reconciliation on Public Officers' Advance Account

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#### Audit Observation

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(a) Although, a difference of Rs.143,200 was shown between the books of the ministry and the print outs of the treasury since September, this difference had not been

#### Comments of the Chief Accounting Officer

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The amount of Rs.143,200 which was shown at the reconciliation of the books of the ministry and treasury print outs, was an amount to be credited to another

#### Recommendation

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The books of the ministry and the books of the treasury should be monthly reconciled.



corrected even as at 31 December 2021 due to non-reconciliation of the books of the Ministry with the books of the treasury monthly.

ministry by the State Ministry of Aviation Services and Export Zone Development. It had been erroneously credited to the Head of the Ministry of Tourism. That amount has been settled through the monthly summaries in the month of March 2022.

(b) The aggregated difference of Rs.433,410 was shown between the summary of the individual balance classification of distress loan balances related to 11 officers for the year under review.

Agreed with the audit observation. The accurate balance has been shown as per the members' loan register. In typing the individual balance classification, figures had been erroneously printed due to a mistake. It was noted down to avoid this type of things in the future.

The differences should not be persisted between the summary of the individual balance classification and the members' loan register.

(c) After deducting installments from the opening loan balances recoverable from the officers on 01 January 2021 as per the members' loan register, there was a mathematical difference of Rs.209,260 which was recorded as further recoverable balance in the members' loan register at the end of the year.

It was noted down to correct the relevant differences in the members' loan register.

Mathematical errors should be removed.

### 1.6.5 Certification of the Chief Accounting Officer

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#### Audit Observation

#### Comments of the Chief Accounting Officer

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#### Recommendation

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The Chief Accounting Officer should ensure that an effective internal control system for the financial control exists in the Ministry, and carry out periodic reviews to monitor the effectiveness of such systems, and accordingly make any alterations as required for such systems to be effectively carried out in terms of provisions set out in Section 38 of the National Audit Act, No. 19 of 2018. Such reviews should be carried out in writing, and a copy thereof should be presented to the Auditor General, but no statements had been furnished to the Audit that the reviews had been carried out.

The note related to this has been stated in the “ACA-P” format.

Actions should be taken in terms of provisions set out in Section 38 of the National Audit Act, No. 19 of 2018.

## 2. Financial Review

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### 2.1 Imprest Management

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#### Audit Observation

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#### Comments of the Chief Accounting Officer

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#### Recommendation

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Although, the imprest planned by the Ministry for the year under review was Rs.574.3 million, the imprest received was Rs.294.5

This difference has been created due to the limited issuance of imprest only for the necessary works by the

Planning of imprest should be properly completed.

million. Therefore, the imprest received was only around 51 per cent from the annual estimate. In scrutinizing monthly planned and requested imprest values, the planned imprest for the month of December 2021 was Rs.56.8 million and the requested amount had been Rs.94.5 million.

General Treasury considering the financial difficulties prevailing in the country. As workplaces were closed for a longer period of time in the year and the settlement of bills should be done before the end of the year. As a large volume of bills were received for the payments in December, imprests were requested subject to the allocations for the settlement.

## 2.2 Expenditure Management

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### Audit Observation

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### Comments of the Chief Accounting Officer

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### Recommendation

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(a) Hence estimates were not prepared with a proper plan after identifying the requirements, allocations had been saved related to 20 expenditure subjects ranging from 05 per cent to 88 per cent amounting to Rs.15,838,637.

Work from home due to covid 19 pandemic, reduction in some of the recurrent expenditures due to limiting foreign travels, advices received to temporarily discontinue the projects which were not yet been commenced and savings of the allocations of some of the capital expenditures were the reasons for the savings of the allocations.

Estimates should be prepared with a proper plan after identifying the requirements.

(b) There was an overstatement of the amended estimate than the initial estimate for 13 expenditure subjects ranging from 4 per cent to 138 per cent and an understatement of the amended estimate than the initial estimate for 24 expenditure subjects ranging from 4 per cent to 100 per cent.

There were savings of the allocations for some expenditure subjects due to the compliance with the circulars imposed restricting the expenses of some expenditure subjects considering the impact of Covid 19 pandemic. Nevertheless, when it was observed that the financial allocations provided in the estimates were not sufficient for the expenditures during the financial year, transfers as per F.R. 66 had been made from the allocations which had savings.

-Do-

(c ) Extra allocations had been transferred through financial regulation 66 for 18 recurrent expenditure subjects and one capital expenditure subjects amounting to Rs.92,293,000 and Rs.12,420,000 respectively aggregating to Rs.104,713,000. With compared to the initial estimated money, percentage of such allocation transfer was ranging from 3 per cent to 100 per cent. Therefore, it was revealed that the estimates had not been prepared accurately as per financial regulation 50.

-Do-

Estimates should be prepared with a proper plan after identifying the requirements.

## 2.3 Commitments and Liabilities Entered Into

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<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Recommendation</b>
(a) Although, in terms of the financial regulations 94(1), entering into commitments should be made only if further savings of the allocations are remained out of the estimated money at the end of the year, entering into commitments had been made related to 12 expenditure subjects of the Ministry aggregating to Rs.6,322,913 exceeding the savings.	Since some of the essential payments which were inevitable had been made under 12 expenditure subjects of the Ministry, commitments entered into had been exceeded the allocations. Actions will be taken to control that situation in the future.	Adherences to financial regulations are required.
(b) Commitments amounting to Rs.790,247 had been settled in the year 2022 which had not been shown in the statement of commitments and liabilities of the financial statements for the year under review.	An amount of Rs.790,247 which should be recorded as commitments and liabilities had not been included in the statement of commitments and liabilities mistakenly.	The statement of commitments and liabilities of the financial statement should be prepared accurately.
(c) Although, in terms of the paragraph 3.3 of the Department of State Accounts Circular No.2021/3 of 26 November 2021, commitments and liabilities should be recorded in numbers, 116 commitments had not been so numbered as per the accounts furnished.	It was not recorded mistakenly and actions will be taken to correct that error in the future.	Compliance to the circular is required.

## 2.4 Issuance and Settlement of Imprest

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### Audit Observation

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Although, a sub-imprest should be settled within 10 days after the completion of the purpose in terms of the provisions of the Public Finance Circular number 01/2020 of 28 August 2020, advances obtained in 4 occasions amounting to Rs.133,000 had been settled in delay ranging from 35 days to 72 days. Further, before settling the advances taken previously, advances amounted to Rs.194,000 had been re-issued in 7 occasions.

### Comments of the Chief Accounting Officer

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Hence the office was closed due to the covid 19 pandemic and officers were called for duties irregularly, settlement of advances on time was got delayed. However, that value has been settled at the end of the year. Advances had been issued before settling the previous advances taken due to the essential and urgent official duties of the Ministry and the Minister's office. Actions had been taken to settle those advances immediately. It was noted down to avoid these kinds of mistakes in the future.

### Recommendation

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Adherence to the circular is required.

**2.5 Non-compliance with Laws, Rules and Regulations**

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	<b>Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Reommendation</b>
<b>Reference to Laws, Rules and Regulations</b>	<b>Non-compliance</b>		
(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka			
(i) Financial Regulations No. 104(4)	Although, a complete report about the damage should be prepared within three months for the vehicle which met with an accident on 22 October 2021, that report had not been prepared even as at the date of audit of 15 March 2022.	Preliminary report of the losses under F.R.104(3) related to the vehicle WP KY- 7243 had been submitted on 27.10.2021. Since the repair should be completed to calculate the relevant loss of the vehicle which met with an accident, final report could not be prepared.	It should be required to comply with the financial regulations.
(ii) Financial Regulations No.395(c )	Although, the statement of bank reconciliation related to every month should be furnished for audit before 15 of next month, statement of bank reconciliations related to 9 months of the year 2021 had been furnished to audit with a delay ranging from 30 days to 105 days.	There was a delay in preparing bank reconciliations due to the reasons such as work from home because of covid 19 pandemic which was prevailed in the country, calling officers for duty in limited numbers and new officer's arrival in place	-Do-

of the transfer of the subject officer in the month of October 2021. Actions will be taken to prepare and furnish the bank reconciliations as required from the year 2022.

(iii)	Financial Regulations No. 396	Actions had not been taken in terms of the prescribed paragraphs for the cheques valued at Rs.301,981 which were older than 08 months to 13 months from the date of issue to the date of 31 December 2021.	Actions had been taken either to issue new cheques or to extend the validity period of these cheques.	-Do-
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(b)	President's Circular No. CSA/2/3/4 of 21 February 2006	(i) Although, it was informed that the minister and the Secretary of the Ministry should not go abroad together, both of them had participated for the promotional program held in France from 05 to 08 of October 2021.	It was scheduled to participate for a promotional program in France from the date of 03.10.2021 to the date of 12.10.2021 by former tourism minister with former ministry's secretary and some other personnel. In accordance with the above circular issued by the President's Secretariat Office, when a team participates for a foreign travel, at the time of approving foreign leave for the most senior member of that team, approval for	-Do-
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the leave of all the other members of the team should also be obtained concurrently from the authorized person who approves foreign leave. Accordingly, as per the request made by the tourism minister to travel abroad dated 30.09.2021, his excellency the president has given the approval on 01.10 2021

(ii) Although, it was informed that the participation for foreign travels should be minimized, the coordinator of the tourism advisory committee and a Member of Parliament had also participated for the above travel.

As conducting tourism promotional programs is within the scope of the Sri Lanka Tourism Promotion Bureau, the expenditures incurred for such programs had been spent up to now by Sri Lanka Tourism Promotion Bureau. Therefore, actions have been taken so for the above travel as well.

-Do-

	<p>(iii) In order to convey the message for tourism entities in France that the Sri Lanka was opened for tourists, a promotional evening had been planned to hold on 06 October 2021 and subsequently it had been cancelled. However, as per the advices given by the minister, without conducting the evening on that day, it had been again held on 09 of November 2021. Tourism Minister, coordinator of the tourism advisory committee and an officer of the Promotional Bureau had been participated for the event accordingly.</p>	<p>-Do-</p>	<p>-Do-</p>
<p>(c) President Secretary's Circular No. CA 1/17/1 of 14 May 2010 on "Public Expenditure Management"</p>	<p>(i) A sum of Rs.663,918 of overtime had been paid during the year under review for two individuals also who are not belong to those who are entitled for overtime of the minister's supporting staff.</p>	<p>Although, they belong to ministerial staff, meetings/ discussions/ programs of which the honorable tourism minister participates should be covered by their duty in nature; they should stay at the minister's office. Therefore, their overtime requests had been submitted to the Ministry with the overtime requests of the minister's staff.</p>	<p>-Do-</p>

(ii) Although, it had been informed that the Ministry and the offices of all the other institutes under therein should be located in government or in the buildings belong to state corporations, tourism ministry had been located at a private building named as asset arcade, York Street. Further, without locating minister's office even at the above building, an office taken from the World Trade Center on rent had been located. The total rent expense made was amounted to Rs.43,317,720.

Although, it was inquired from the letter MT/ADM/01/12 (iv) of 15.09.2020 about the possibility of allocating space from stage I or stage II of Sethsiripaya, inability of providing sufficient space was informed by the Ministry of Urban Development and Housing in its letter MUD/ADM/EST 03/General-01 and 18.09.2020. With reference to the Cabinet Approval received on 19.10.2020, Tourism Ministry had been taken to No. E 51, York Street, Colombo 01 from 15.12.2020.

-Do-

(d) Circulars of Ministry of Public Administration and Home Affairs

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Circular  
No.19/2006 of 18  
November 2006.

(i)

Quarters of the Western Province Chief Minister had been given on temporary basis to the minister and the Ministry had spent ranging from Rs.13,715 to Rs.71,118 for water consumption of that quarters for 11 months. Further, expenses ranging from Rs.2,328 to

In accordance with the Public Administration Circular 2006/22, an amount of 12.5% as the rent of the quarters has been charged as this is a government owned quarters.

-Do-

Rs.258,753 had been incurred for electricity consumption during that period.

(ii) Circular No.2010/80 of 24 May 2010

- Instead of 218 liters as provided to media secretary's official vehicle, an allowance of Rs.40,549 had been paid in excess of the monthly fuel allowance which could be obtained.

It is kindly informed that any vouchers had not been submitted for the payment through the administration division in excess of the monthly fuel allowance for the media secretary of former honorable minister.

Answers should be given after verifying with the finance division and compliance to the circular should be required.

- Maximum 125 overtime hours for the driver of the minister's private secretary, maximum 100 overtime hours for the drivers of the officers of coordinating secretary, media secretary and public relations officer had been approved. It was emphasized that not to incur expenditures exceeding that maximum limit or not to submit bills for the reimbursement of such expenses. However, an amount of Rs.167,943 for 1500 hours exceeding the approved maximum hourly limit had been

Tourists' arrival for the country had been disrupted with the spreading of covid during the year 2020. To increase the annual income earned from the tourism sector, officers such as private secretary, media secretary, coordinating secretary, public relations officer participated for the programs and field visits which were conducted by the minister's initiation. Therefore, the drivers assigned for those officers had also been utilized for the duties of the particular occasions. Therefore, overtime had to be paid. In accordance

Adherence to the circular is required.

paid for those drivers during the year under review.

with the approval of the Secretary of the Ministry and subject to the maximum limit, overtime had been paid.

(iii) Circular No.2016/30 of 29 December 2016

- Although, fuel test should be conducted again after every fuel test that occurs firstly out of the end of a duration of 12 months or after driving a distance of 25000 km or after a main repair related to an engine, actions had not been taken as per the circular even as at the audit date of 16 March 2022 related to 15 vehicles.

Hence some of the vehicles were not completed 25000 km even as at the date of 15.01.2022, fuel test had not been done. As the vehicle number WP CAV-4004 has been sent to repair from the date of which it was acquired by the Ministry, fuel test has not been done. It is scheduled to do the fuel test for the other vehicles as soon as fuel is obtained.

-Do-

- Although, the volume of fuel and the mileage should be daily recorded in the log entry book, actions have not been done so as prescribed related to 15 vehicles.

Hence 15 vehicles were utilized in limited days per month due to covid situation prevailed during the preceding year, running notes were recorded in the log entry books only for those days.

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## 2.6 Inappropriate Transactions

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### Audit Observation

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When it was owned by the Ministry of Development Strategies and International Trade, a jeep had met with an accident on 24 November 2019 and had been sent to Diesel and Motor Engineering P.L.C. Company for the repair at a cost of Rs.20,816,808. However, actions had been taken to acquire the ownership of that jeep when it was at the garage on behalf of the name of the Secretary of the Ministry of Tourism on 22 July 2021. Nevertheless, the insurance institute had informed the Ministry that the market price of this vehicle amounted to be Rs.15,500,000 as the condemned value or an amount of Rs.9,300,000 to complete the repair could only be paid, the Ministry had to bear the outstanding expenses of the repair amounting to Rs.11,516,808.

### Comments of the Chief Accounting Officer

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As repairing the vehicle was profitable, it had been sent for the repair by the Ministry of Industrial Export and Investment Promotion after comparing the estimate submitted for the repair and the market price of the vehicle. The National Insurance Trust Fund had informed about the condemn of this vehicle on 12.10.2021. When the vehicle was acquired by the Ministry of Tourism, it had been already sent for the repair.

Actions should be taken to minimize the loss that can be caused to the Ministry.

### 3. Operational Review

#### 3.1 Annual Performance Report

##### Audit Observation

##### Comments of the Chief Accounting Officer

##### Reommendation

In terms of the Ministry of Finance Circular No.PED/RED/REG/02/CC/01/2021 of 12 May 2021, an extension had been given to table the annual performance report 2020 at the Parliament till 30 June 2021 and the annual performance report 2020 had been tabled at the Parliament by the Ministry on 16 August 2021.

Hence travelling restrictions were imposed due to covid pandemic situation, staff was reported duty irregularly and delays were occurred at that time were the main reasons for this. Actions will be taken to minimize these kinds of delays in the future.

Adherence to the circular is required.

#### 3.2 Procurements

Following observations are made.

##### Audit Observation

##### Comments of the Chief Accounting Officer

##### Reommendation

(a) Although, the approval had been given by the Secretary of the Ministry on 26 October 2021 to get done the repair from an agent related to a vehicle which had been met with an accident, without following procurement procedure, a sum of Rs.1,492,754 had been spent by assigning the repair for a private garage. It was a higher price than the estimate of the Toyota Lanka (Pvt) Company by Rs.222,592.

Repair had been assigned to a private institute as it can be done earlier than an agent. However, after removing the parts of the vehicle at the time of repair, 3 estimates were submitted. Then, we were unable to submit for the estimates from other institutes. Further, as this vehicle had been taken for repair in an emergency vehicle, it was not possible to carry out the vehicle to obtain estimates from other institutes.

Proper procurement procedure should be followed.

(b) Although, quotations were called on 09 July 2021 to repair a cab of the Ministry, it was observed that the quotations had been obtained in advance since 2 institutes had submitted their quotations on 25 June 2021 and 05 July 2021. Accordingly, it was observed that the procurement requirements had been communicated in advance to relevant institutes too.

Before calling quotations for the repair of the relevant cab, inspection was got done from those institutes by the driver and the given quotations were attached in the file. However, it is kindly informed that the repair was not got done from those institutes.

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### 3.3 Assets Management

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Following observations are made.

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Reommendation</b>
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(a) Although, a sum of Rs.169,891 had been paid on 17 November 2021 to purchase required spare parts for a repair of a Cab from an agency institute, without doing the repair, those were retained at the store even as at the date of audit on 05 April 2022.

Using those spare parts, repair has been completed by now.

Unnecessary delays should be avoided.



(b) The official quarters of the Chief Minister of the Western Province had been temporarily allocated to the Minister of Tourism and a sum of Rs.874,960 had been spent for that quarters to purchase goods such as sofa, beds etc. However, the minister had refused the quarters assigned to the Minister of Tourism stating that an estimated amount of Rs.9 million was required and due to that reason, it was not suitable for the accommodation, the same quarters had been assigned to the Minister of Justice for accommodation on 29 June 2021 by the Ministry of Public Services, Provincial Councils and Local Government.

Until that repair was completed, as the minister expected to obtain another house on rent basis, a request had been made from the Chief Secretary of the Western Province by letter No.MT/ADM/01/12(V) of 18.01.2021 to allocate the quarters assigned to the Chief Minister of the Western Province to the Minister of Tourism. Since the equipment in the quarters was possessed by the Western Province, the equipment removed by the minister had been handed over to that Province again. Further, as the organ with a stand was a private equipment owned to the former minister, it was handed over to the Department of Social Services to offer to a suitable children's or adult's home. Removal and handing over of this equipment to other institutes had been done by the Ministry of Provincial, Economic Development, Electricity and Energy, Environment Activities, Water Supply and Drainage and Tourism Activities of Western Province.

New purchases or removal of equipment for the quarters should not be done as it was given temporarily.

### 3.4 Keeping Securities by Public Officers

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Following observation is made.

<b>Audit Observation</b>	<b>Comments of the Chief Accounting Officer</b>	<b>Reommendation</b>
<hr/> <p>Although, the officers who were in charge of receiving government money, revenue, stamps and stores or who were administratively responsible for distributing or issuing government money, stamps and stores and the officers responsible for certifying vouchers and signing cheques on government account should produce securities in accordance with the provision 612 of the Security Ordinance and in terms of the provisions of Financial Regulation 880, securities had not been taken from 18 officers of the ministry.</p>	<hr/> <p>Educating the staff in this regard has done and further actions have already been taken by now.</p>	<hr/> <p>Actions should be taken in accordance with the Financial Regulation.</p>

### 3.5 Losses and Damages

<b>Audit Observation</b> -----	<b>Comments of the Chief Accounting Officer</b> -----	<b>Reommendation</b> -----
A sum of Rs.22,052,349 had not been recovered from the relevant insurance institutes for the accidents caused during the years 2019 and 2020 at an estimated cost of Rs.25,196,889 related to three vehicles even as at the audited date of 05 April 2022.	Relevant information was not included in the files maintained by the administration division to recover a sum of Rs.22,052,349 as losses and damages caused to three vehicles during the years 2019 and 2020.	Proper records should be maintained related to the accidents.